

7 billion mouths to feed

The new challenge facing
the horticultural sector
in the South



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INTRODUCTION

On the 8th of September 2000, during the Millennium Summit organised by the United Nations, 189 nations made a joint pledge to alleviate poverty and save millions of lives world-wide. The signatories of the Millennium Declaration reached agreement on eight Millennium Development Goals (MDGs) to be achieved by the year 2015. Ten years later, in September 2010, the Heads of State and Government meeting in New York adopted an action programme to achieve the MDGs and announced new commitments to women and children's health and other initiatives to fight against poverty, famine and disease.

There are different ways of fighting poverty. One is to create jobs and revenues by encouraging investment, trade and private sector development.

8 Millennium Development Goals (MDGs) to be achieved by 2015

The European Union has put together a strategy and adopted a series of measures in the field of trade-related assistance. Aid for Trade is designed to encourage exports from developing countries towards regional and international markets, generating income to finance development.

COLEACP is fully committed to this approach. Its objective is to promote sustainable horticultural trade between the African, Caribbean and Pacific Group of States (the ACP countries) and the EU. Created in 1973, the COLEACP is an inter-professional association that represents and defends the interests of producers/exporters in ACP countries and European importers of fruit, vegetables, flowers and plants.

Through the PIP Programme, funded by the European Union and implemented since 2001 at the request of the ACP Group of States, the association encourages and helps its members and other private sector stakeholders (e.g. retailers) ensure that the horticultural trade contributes towards achievement of the MDGs. Horticultural exports help to reduce poverty, especially among disadvantaged groups such as smallholders or rural women whose opportunities for income generation are limited. Furthermore, developments in the horticultural export sector in ACP countries have a knock-on effect, also benefiting production for local and regional markets.



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PIP CONSULTATIVE COMMITTEE: ISSUES UNDER DISCUSSION

- Protecting the environment, organic farming, fair trade, ethical production: passing trends or an underlying shift in values?
- What is the role of smallholders in the countries of the South and what opportunities are open to them? What challenges need to be overcome?
- What are the comparative advantages of ACP countries?
- How can the major buyers play a role within sustainable development?

New EU market requirements

On June 14th 2011, COLEACP-PIP held a consultative committee in Brussels. The objective was to bring together producers, exporters and importers of fruit and vegetables to share their experiences on sustainability issues, and to bring to the table their experiences in meeting requirements concerning the environment, ethical production, fair trade, and organic farming. The meeting was also an opportunity to inform partners about progress made to date in the implementation of the PIP, and to invite comment and debate on its future direction.

"The situation and challenges that prevailed in 2001, when the first phase of the PIP programme was rolled out, have evolved considerably. Issues such as sustainable development, climate change, organic farming and food safety have grown in importance. New demands concerning working conditions, fair trade and ethical production have given rise to the appearance of new standards that represent a real challenge, not only for small-scale growers, but also for exporters in the South, because of greater awareness among consumers and consumer

associations in importing countries" declared Achille Bassilekin III, Assistant Secretary General of the Sustainable Economic Development and Trade Department of the ACP Secretariat at the opening of the PIP Consultative Committee meeting.

The representative of the European Commission's DG DEVCO, Christer Hermansson, emphasised that most of the ACP States have a rural economy in which agriculture plays an important role and is the source of income of most of the population. Following a brief overview of the challenges posed by the European food safety strategy "from farm to fork", he noted "Local, regional and international trade of agricultural products is of course of great importance for ACP States.(...) There are considerable development opportunities for ACP countries that can meet the phytosanitary and (other) requirements of the market,"

Within this context, there are many challenges and issues facing agriculture in the countries of the South in general, and the horticultural export trade in particular.

Mr. Achille BASSILEKIN III, ACP Secretariat

Mr. Christer HERMANSSON, DG Devco, European Commission





Health concerns in the EU during the past decades have been driving demand for off-season and tropical produce. As the level of convenience demanded by EU consumers has increased, new business opportunities for developing countries have emerged. Processing functions such as sorting, cutting, chopping and packing have enabled export com-

food safety risk management systems that ensure full traceability and food safety throughout the supply chain. Many buyers demand certification with private standards to evidence compliance, and maintaining small-scale growers within supply chains is an increasing challenge which requires well-structured and efficiently managed producer organi-

The EU market has also begun to make new and different demands on suppliers who need to be able to meet and adapt to these new challenges. For example, growing concern with climate change has focused attention on food miles, and this has brought the ACP-EU fresh produce trade into the spotlight: imports from distant and often emerging economies were



Alexander KASTERINE, ITC



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The EU market has also begun to make new and different demands on suppliers who need to be able to meet and adapt to these new challenges.

panies to add value to farm products. *“During the past 10 years, food safety has been on top of the agenda for the industry. To access the EU market, producers and exporters of fruit and vegetables from developing countries must put in place sound*

sations and outgrower schemes” says Alexander Kasterine, Senior Advisor (Trade, Climate Change and Environment) at the International Trade Centre (ITC).

seen as “unsustainable” and damaging for the environment. In 2007, a race to the top was engaged amongst leading UK retailers in terms of environmental pledges, reacting to consumer concerns about climate change and food miles. Many EU

“Competition has started and is fierce between sustainable agriculture labels, which adds confusion for consumers and producers in ACP countries”

supermarkets decided to label air freighted produce and promote “buy local” campaigns. At the same time, EU consumers have become more interested in the social impact of the goods they buy and some retailer brands are going beyond quality and food safety messages on their labels

to include also information about fair, ethical and sustainable trade.

“Competition has started and is fierce between sustainable agriculture labels, which adds confusion for consumers and producers in ACP countries” says Mr. Kasterine.

Given this context, and the fact that ACP producers might not be as cost competitive as other regions in the world, product differentiation is key, according to Alex Kasterine. Areas of differentiation might be the sustainability/development criteria, the variety, or the seasonality of supply.



“Most importantly, ACP producers must be aware of sustainability sourcing trends and anticipate as much as possible this new trading environment”. Among these trends: spot buying vs long term partnerships, efficiency gains from whole supply chain conversion, buyers cost

pressure, benefits of premiums for producers, risks of co-branding with labels, increasing scrutiny of labels in the future.

Besides food safety, environmental protection as well as fair and ethical trade are becoming the most pressing consumer concerns.

In the same way it tackles food safety, PIP addresses these new issues to help ACP suppliers take the necessary action.





PIP SURVEY

THE POSITION OF SUSTAINABILITY INITIATIVES WITHIN EUROPEAN RETAILERS AND THE POSSIBLE IMPLICATIONS FOR ACP COUNTRIES.

PIP plays an active role in supporting ACP companies to meet new issues emerging on the European market. In order to effectively target its support and design a coherent strategy, PIP must develop a good understanding on the current state of retailers' demands with regard to carbon and more broadly environmental impacts assessments.

The objective of the survey was to assess amongst major European retailers the type of initiative they are undertaking amongst their suppliers with regard to environmental impacts assessments (and more specifically on carbon), the type of initiative they are planning to undertake in the near future, the type of initiative undertaken by their suppliers which they would judge as satisfying and, finally, the assistance they are planning to provide to their suppliers in reaching these goals and meeting these challenges.

The choices of retailers were made by trying to establish a balance between national and global retailers, large and small scale, high end retail and discounters, mainstream and high provenance position.

Summary of findings:

- Most retailers surveyed have a high level starting policy for their own business but are developing longer term internal strategies for suppliers. Tactical plans are being developed and will be rolled out to high risk products first. The emphasis is on encouraging all businesses to adopt some form of self-declared sustainability strategy rather than imposing a single methodology or action plan.
- Life cycle analysis and Carbon footprint are business to business diagnostic tools that will be used to set benchmark levels and not used as standards.
- Data collection of basic sustainability indicators will be required of all suppliers using known methods. This will differ between retailers and may be collected using existing collaborative online platforms.
- Sustainability will become competitive through the number of products on sale that claim to be sustainable
- Developing countries will be subjected to the same requirements as developed but may have different accepted methodologies to report or collect data.
- The majority of interviewees cited China as the geographical area of greatest concern, with marine stewardship being the highest rated issue. Water and use natural resources were frequently referenced during conversations as areas that can be addressed now before they become high profile campaigns.
- Africa and carbon footprint did not feature in any of the top of mind questions of any of the respondents.

The complete survey is available on the PIP website: <http://pip.coleacp.org/>

Horticultural trade: the role of smallholders

Trade in horticultural produce from developing countries to Europe has grown over the past 20 years. In many countries, it is now an important contributor to national income, poverty alleviation, and agricultural innovation.

This is the case in Kenya, which is primarily an agro-based economy that needs to stimulate rural growth. *“Both the domestic and global food & flower market is expanding, and smallholders have a large role to play in this as part of supply chains linked to larger producers/ exporters. In Kenya, more than 2 million smallholders grow for fresh markets, and women represent between 70% and 80% of the workforce”* says Hasit Shah, Director of Sunripe Ltd. According to this Kenyan supplier of fruit, vegetables and flowers, when looking in financial terms, 0.5 ha. of green beans for export earns 4

times as much as from 1 ha of local maize/beans. Finally, 28% of smallholders who are horticulture farmers live in poverty compared with over 80% that are non-horticulture farmers. Agriculture, and in particular horticultural exports in developing countries, do generate many jobs, both unskilled (e.g. in fields and packhouses) and skilled (e.g. in export companies, laboratories, and research organisations).

One of the key issues raised by African suppliers during the PIP Consultative Committee was the ever increasing cost of production and

export. *“We have to work on the cost of production –energy, inputs - and look at the whole value chain”*, claims Apollo Owuor, company agronomist of KHE, an important Kenyan export company supported by PIP since 2003, and which sources mainly from small-scale growers.

Agriculture, and in particular horticultural exports in developing countries, do generate many jobs, both unskilled and skilled.



New market demands lead to a continual rise in costs, which risks marginalising the most fragile players.



Babacar SAMB, Bioscope

For companies in Africa, the Caribbean or Pacific, under the current economic climate the viability of smallholder production for export is being challenged. In addition, vertical integration is progressing at a fast rate, and intermediaries are disappearing rapidly in the fresh produce sector, especially for airfreight. The position of small-scale growers in this scenario needs to be protected and given adequate support: they lack resources to meet the ever-changing demands of markets, have poor access to credit (16-20%), high input costs, limited access to power and internet, and limited size of land holdings, among others.

New market demands lead to a continual rise in costs, which risks marginalising the most fragile players. *"We see in a country such as Senegal that it is very expensive for a company to supervise small-scale*

growers of green beans or mangoes, to ensure their compliance with a system and keep this system going in the long-term in order to meet market demands, when this expense isn't reflected in the price it gets for its product!" lamented Babacar Samb, Director of Bioscope SARL, a Dakar-based firm that specialises in providing expert advice, consultancy and training services in food safety and SPS quality management systems. Mr. Samb continued, *"This leads to a situation whereby, in response to spiralling certification*

costs and ever-changing demands, many exporters have shifted their position and are often choosing to support only a limited group of small-scale growers to achieve certification. This leads to the risk of effectively excluding the others from the supply chain, a situation that obviously breeds frustration."



(From left to right): Hasit SHAH, Sunripe and Jethro GREENE, CaFAN.



SUSTAINABILITY - NEW MARKET DEMANDS IN THE ACP HORTICULTURAL INDUSTRY



(From left to right): Thais LERAY, Sylvie COULON, Stefaan PAUWELS (European Commission)



H. E. Roy Mickey JOY, Ambassador of Vanuatu



(From left to right): S. MEHTA, V. OMER DECUGIS, S. HERI

Retailers and consumer product companies have embarked on the sustainability journey through an array of initiatives. They have established codes of conduct, set up industry-wide stakeholder platforms, adopted an array of standards, and developed specific communication strategies to correspond with the particular interests of their stakeholders. Companies vie to be the first to react to the sustainability agenda in order to gain a competitive advantage.

PIP acknowledges this positive trend and the importance of sustainability, but lobbies to ensure that these changes do not result in the disappearance of the smaller and most vulnerable players. The competencies and financial resources needed to comply with the increasingly complex requirements are frequently still lacking. At the same time, retailers and consumer product companies often prioritise their actions differently, and do not address the same issues in the same way at the same pace. As a consequence, suppliers often face a confusing and costly array of different demands from their EU buyers.

PIP is also anxious to maximize the potential development opportunities that the new trading environment presents for ACP suppliers of fruit and vegetables. New opportunities may be opening for smallholders, for example with the commitment made by UK retailers to increase their sourcing of fresh produce from Africa, and to contribute towards meeting the MDGs. More recently, the world's biggest retailer, Wal-Mart, announced a «green change» destined to have a major impact on small and medium sized farms throughout the world. Wal-Mart has made a commitment to purchase foodstuffs produced by a million small and medium sized farms, with a market value of 1 billion \$US. Assistance to farmers will be provided to help them meet the company's sustainable agriculture requirements covering the use of water, energy, fertilizers and pesticides.



Musa K. MUWANGA, NOGAMU



(From left to right): J. GREENE (CaFAN), C. HERMANSSON (Devco), M. HAILU (CTA)

While all the participants at the meeting agreed that it is necessary to maintain small-scale growers at the heart of horticultural trade, Musa K. Muwanga, CEO of the National Organic Agriculture Movement of Uganda (NOGAMU) and a member of the World Board of the International Federation of Organic Agriculture Movements (IFOAM), asked: *"The whole cost of certification - building it and maintaining it - for smallholders is very expensive. And who's going to invest in that?"* Whatever the case, before the product is put on the market, this cost will have to be covered. *"Is it the company which is working with small holders, public services/extension services, or the buyers who should pay for that? So even if farmers are qualified and trained, somebody has to make this initial investment. This cost of certification and other requirements appears to be a big limitation to integrate more small farmers within the supply chain. For me it's one the area where countries, public sector and development partners could put investment"*, continued the NOGAMU representative.

Discussing the apportioning of costs and benefits along the supply chain, several participants at the PIP Consultative Committee mentioned the need to "cut the cake more equitably".

"It is necessary to maintain small-scale growers at the heart of horticultural trade"

This is very much the position defended by Jethro Greene, Chief Coordinator of the Caribbean Farmers Network (CaFAN), a regional network that brings together the national farming organisations and the NGOs working in the agricultural sector in 13 Caribbean countries: *"Most of the time, you will find out that by the time the produce reaches supermarkets, there's a huge difference in the price and if you get the farmer getting closer to the consumer you won't find these huge gaps in the price."* According to the CaFAN representative, the sheer number of intermediaries between the producer and the consumer means that prices are inflated at each stage until they reach

a final price that is very far removed from that received by the producer. Mr. Greene advocates a greater participation of small-scale growers at different levels of the value chain, in particular in segments with a high added value: *"What organisations like CTA or COLEACP are doing in the field is very useful as it's important to build the capacity of small farmers, for example by training them to grade, or to pack their own produce. What we do as a network of farmers is to create a facilitating environment for people to work together around common themes and needs"* claims Jethro Greene.

Jean-Marie Goudiaby, director of Katipa Group, whose activity is mainly geared towards the export of organic onions from Senegal to England, also shared his experiences. He believes that one solution would be for suppliers in the countries of the South to be more efficiently organised in order to wield more power when negotiating with buyers in the European Union.



An economic point of view



William ZIREBWA, VANDUZI

Maintaining small-scale farming at the centre of horticultural value chains seems increasingly challenging. Nonetheless, with adequate support and appropriate technical solutions, these challenges can be turned into opportunities. Smallholders have a crucial role to play in sustainable production, whether aimed at exports or local markets.



In his presentation, William Zirebwa, Group compliance manager of Vanduzi/Mozfoods S.A, in Mozambique, also confirms that small-scale growers play a key role in the company sourcing policy – and for sound business reasons. They are the company strategy to reduce production costs and reduce risk (e.g. pests, climate) – and they have land: “Vanduzi

An adequate support and appropriate technical solutions

started to work with over 200 smallholder producers, each with 0.09 ha. Our company has a dedicated team

to manage small-scale production, farmers are organised into different associations, each association is acting like one large farm with a weekly planting program”, explains Mr. Zirebwa. Vanduzi, which is expecting to progressively increase hectareage under smallholder production, has invested in research on crops which smallholders can manage, and is registering for GAP and Fairtrade certification.

Development or support for small-scale growers has to be from a commercial, not a poverty angle, declares Musa K. Muwanga, CEO of NOGAMU: “*Small-scale growers are business people and will go for the most profitable option; solutions must therefore make commercial sense.*” These small-scale growers must in fact feed their families, send their children to school, cover healthcare costs, etc. If they do not find ways of generating income from farming, they will simply look elsewhere. Similarly, if the prices they receive for their products are too low to cover production costs, they will find an alternative: “*Smallholders need help to access inputs that will enable them*

to comply with requirements, but also to remain competitive”, says NOGAMU’s representative.

Support for small-scale growers can come from various sources, for example international development partners. However, Appolo Owuor, from KHE (Kenya) noted that it is important to bear in mind that while many of the problems and aspirations faced by small-scale growers are common the world over, it is also true that some of the challenges facing them are different depending of the production system/region/culture: *“The important thing is to understand smallholders. The perceptions of smallholders vary from country to country, and within countries from region to region, because of their history, their participation in a cooperative movement... Smallholders are as different as the regions we are talking about. Solutions for smallholders must be flexible and adapted to their needs, bottom-up and not top-down.”* For this reason, it is important for development partners and policy-makers not to assume that one size fits all, but to customise support according to the context. Ideally support programmes should develop generic solutions that can be customised according to local context.



Josiane DROEGHAG (BTC/ Trade for Development Centre) and Jane NYAMBURA (Africa Now)

Development or support for smallscale growers has to be from a commercial, not a poverty angle

Talking about the donor support context, Jethro Greene, Chief Coordinator of CaFAN (Caribbean Farmers Association Network) stated that small-scale growers risk becoming political footballs. *“Farmers should partner with companies and development partners, but only if it is of strategic benefit, and it is essential that they become empowered to defend*

their own interests - with buyers as well as with EU policy-makers and development partners”.

The importance of empowerment was emphasised by several participants, among them Richard Fox, Director of Finlays Horticulture Kenya (formerly Homegrown): *“Since smallholders are the ones who will*

“In a chain, each operator must have a role to play and their relationship with the following link must be based on business interest”

continue to feed the world, we should empower them because they are key to this process and they should be in a better position.” His colleague from Sunripe, Hasit Shah, shared

for engagement between them are urgently needed, especially with retailers. This is becoming of crucial importance for ACP producers and exporters with the continued

or setting the exporter against the smallholders, as each has a justified added value.”



his views: *“Building the capacity of smallholders is extremely important and that’s what PIP has been doing successfully so far. What Europe and other partners need to understand is that in Africa, farmers do not get any subsidies. What’s happening now is about distribution of the funds, how to get the money to come downstream.”*

There is a need to strengthen the developing country voice within the supply chain, as well as to improve relationships between players along the supply chain. Each player needs to work with the other links in the chain – better mechanisms

... support programmes should develop generic solutions that can be customized according to local context

vertical integration and consolidation of supply chains. *“A chain is only as strong as its weakest link”* noted Jean-Marie Goudiaby, a Senegalese exporter. *“In a chain, each operator must have a role to play and their relationship with the following link must be based on business interest. This means that the last thing we should be doing is pitting the importer against the exporter*

Turn challenges into opportunities

Niche markets such as fair trade, organic, and other more recent ethical labels, may also offer interesting business opportunities for small-scale farmers in developing countries.

In Uganda, for example, organic agriculture is still among the fastest growing subsectors. There has been increasing interest and involvement from the private sector mainly as result of unfolding market opportunities in international markets. During his presentation, Mr. Muwanga explained that organic agriculture is closer to, and utilises most, traditional farming practices. It is relatively low risk, given production and resource constraints, and market entry barriers are low compared to conventional fruit and vegetable exports. Consequently, increasing global demand for organic products and associated premium prices directly contribute to improved household incomes in rural communities. *"There are currently over 215,000 certified organic farmers participating in export chains (305,000 ha of certified land and 44 certified export companies) while volume of exports have been growing at an average of 55% in the past 2 years. The value of exports stood at USD 37 Million by end of July 2010."* Organic farming

in Uganda is facing both challenges and opportunities. On the one hand, demand from the market is in excess

"sustainability should be incorporated into a company's core strategy and used as a management rather than a marketing tool, as it is likely to help to lower the risk and increase the profit of businesses".

of supply (for some products up to 10 times) and there is an increasing demand for value added organic products (dried fruits, pulp, juices, textiles, coffee, spices). On the other hand, most companies engaged in export are SMEs, with limited capital to invest in upscaling. In addition, processing infrastructure and quality systems (cool chain) are often

inadequate to match the volume of demand coming from the market, and promotion-branding of Uganda's organic products are still insufficient. Volume upscaling is possible, but it requires investment in organisation of farmers into groups and group certification and, to achieve this, cost is still a limiting factor for many smallholder farmers.

Also talking about the comparative advantages of the countries of the South, Jean-Pierre Imélé, director of Biotropical, a company specialising in organic farming in Cameroon, explained his view of the principles of sustainable farming: *"Most of the countries of the South are countries where organic farming is a very real possibility and we know that the scales are tipping in our favour worldwide: we won't see a return to 100% con-*



PIP encourages production/trade practices that are sustainable both environmentally and ethically.

ventional production, as was the case after the War, when the first concern was how to feed people, when we needed to step up production and we only counted on large-scale conventional production to feed the world. The fact is, today we want more quality and we try to give more thought to what people are putting in their plates. This means that the countries of the South have to move towards sustainable production, towards organic farming, where they can improve the welfare of their population."

In a world where natural resources are steadily shrinking, a more efficient use of the remaining resources is crucial for the survival of each business in the long run. Becoming more sustainable is therefore far more than just a unique selling point. According to Aart van den Bos, who founded Soil & More International in 2007 together with EOSTA (www.eosta.com), "*sustainability should be incorporated into a company's core strategy and used as a management rather than a marketing tool, as it is likely to help to lower the risk and increase the profit of businesses*".

Sustainability is a broad concept covering many different aspects, and

becoming more sustainable must be a step by step process. It is recommendable to start with a set of quantifiable indicators, such as water, carbon, soil, energy and biodiversity. The analysis and understanding of carbon and water footprints enables companies to manage them and ultimately to improve them, said Mr. van den Bos: "*Small farmers must try to optimise the use of available biomass*

(manure and pruning) for composting. Fertile soil is an indispensable component of sustainable agriculture and food production."



Towards “zero” pesticides residues

Mindful of consumer concerns and market demands regarding the environment and human health, PIP promotes measures that are technically effective, economically viable, and enable the supply of fruit and vegetables with minimal pesticides residues.



For Hasit Shah, Africa has a comparative advantage in low input agriculture, but organic is not necessary the only way to go. According to this Kenyan producer and exporter, one cannot say that only organic is sustainable. Rather, he argues for residue free farming, so that when a farmer has a pest problem, he is able to spray with something that's “not toxic to the soil, that's not toxic for someone to eat”.

“We have to find a way to produce efficiently. It's not about meeting a standard, it's not about getting out

there and try to sell ourselves! It's about farming effectively, efficiently and producing more per square meter for the next 10, 50, 100 years. So soil fertility is the most important element”, claims Mr. Shah.

Somewhere between the advocates of purely organic systems and the conventional producers, Jeremy Cooper, a researcher at the Natural Resources Institutes (NRI/UK), reacted to a series of comments about what is or what is not sustainable. He believes that it is necessary to adopt a reasoned approach: “I do

have some concerns about so much concentration on organic or not using pesticides where I've seen so many examples where if you use pesticide properly it's actually durable and sustainable. I'm sure organic is a very good market niche in certain circumstances but I have some reservations as we are in Europe using pesticides generally quite sustainably. So I think it's a little bit patronising to try to imply that we want all African farmers to stop using pesticides. Maybe the PIP and NRI should be looking at integrating all tools to control pests and improve soil fertility.”

Raising awareness among buyers and maintaining access to added value markets

A consequence of the ever rising costs and requirements to supplying EU buyers is that producers and exporters are increasingly inclined to look

we may go somewhere else. The EU has to look why it is supporting smallholder agriculture if it's going to be or continuing to be a main supplier into its market.

Subsidies certainly aren't the answer, but maybe support of smallholders in terms of financial aid, low cost loans, so that they can develop their own production, is the way to do empowerment", claims Richard Fox, Finlays Horticulture, Kenya.

faculty for an importer to manage a programme with a large number of small-scale growers, given the wide range of issues that need to be taken into account: quality, homogeneity, reliability of deliveries, integrity of traceability data, and costs of certification.

Adopting a realistic approach to market expectations and ready to act to maintain small-scale growers in the value chain, this importer declared: "We think that no matter if they are small or bigger, the most important is that producers are becoming professional producers: from a point of view of a buyer, even if we have our own personal opinion and if we like small scale growers, it's not always an advantage to buy from small growers, even if it's certified fair trade. Because you can always be faced with the consumer saying "what proves to me that this product really comes from small producers and is really fair trade?"

According to him, there is a new barrier to enter or remain in the business: the way small producer groups manage their own organisations and information. "This is the real challenge. Agrofair, in cooperation with Taste Foundation, has a



Hans-Willem VAN DER WAAL (Agrofair / the Netherlands)

at alternative markets; the Middle East, Russia, China are becoming more attractive for African produce, as well as the developing local and regional markets. "Sustainability" also needs to take this into account – if EU buyers want to keep their African suppliers, the business of producing and exporting to Europe must be financially attractive, viable and competitive. "In East Africa, there is a growing regional market and there are also other markets like China, and Far East for our products. So, if the EU market is not so attractive for some of our products,

Hans-Willem van der Waal, Managing Director of Agrofair (the Netherlands), an exporter specialising in fair trade, explained that small-scale growers have advantages and disadvantages: they are flexible, able to respond quickly to fluctuations in market demands; they do not necessarily invest everything in one single activity, which allows them to be more reactive; they often have better access to land than the large plantations, and the impact of their activity on the alleviation of poverty is indisputable. As for their weaknesses, Mr. van der Waal underlined the dif-



Stanley HERI, COLEACP



program geared at improving and supporting small farmers, not for the sake of small farmers, but we want to invest in them so that their productivity and their key economic figures go up, so that they become more professional farmers if not already. Issues that we deal with are quality, traceability –we actively promote data processing for example- as well as organisational and environmental development”, says Mr. van der Waal. He went on to explain that, contrary to the image that is widely disseminated to the general public, it is important not to confuse fair trade and small-scale growers. The most striking example is that of the banana, a sector where more than half of cultivated volumes come from large plantations. According to this importer, apart from commodities such as bananas, coffee and, to a lesser extent, pineapples, fair trade has suffered a certain slowdown over the past few years. However, just like organic farming, fair trade is not a passing trend but represents an underlying shift in values. *“Major retailers could be more open to buying the produce of the African, Caribbean and Pacific States. As marketing experts it wouldn’t be very difficult for the retailers to promote the ‘Made in*

ACP’ brand or otherwise the ‘Made in Africa’ brand. This would allow them to do more than simply pay lip service to their social responsibility policy by sourcing their produce from the poorest countries” concluded Hans-Willem van der Waal. He noted that ACP countries, for their part, must also develop products that are worthwhile and attractive to buyers. This requires investment, including

public sector support for the industry, notably the lack of investment in infrastructure (e.g. roads, airport facilities), administrative bottlenecks and import duties, and lack of home-grown management capacity.

Mechanisms are needed to ensure that retailers better understand the impact of their decisions on suppliers, and the potential implications

fair trade does not necessary mean “smallholders”



J.P IMÉLÉ (Biotropical) et E. BAMBARA (Bambara SARL)

public sector investment, a point highlighted by several participants of the PIP Consultative Committee who criticised the lack of (national)

that they can have in the short and long-term, both on poverty as well as sustainable trade. Several people emphasised the need to strengthen



Mechanisms are needed to ensure that retailers better understand the impact of their decisions on suppliers

engagement with retailers and to find the right route to achieve this.

At the close of the meeting, as one participant noted, *"if this was an easy issue, we wouldn't be here"*. Most importantly, it is important to see not only problems, but to recognise that there are new markets, and opportunities to tap them. We need to identify niches, develop mechanism to access markets, and ensure that the necessary support (including government support) is available. There are important challenges to meet, and we cannot expect to find instant

solutions, but simply to understand the facts, operate within them, and make inroads.

Within this context it is important to operate from a business perspective to address challenges and climb barriers: *"You have to look at the issue with a business perspective whether you are talking about local, regional or international markets. People predict that in 10 to 20 years time, there will be a crisis of sourcing just because of India and China and with organic and other niches, somehow small scale growers will*

be able to ask for the price they want just because, for example, of the shortage of organic or fair trade bananas... So perspectives are there for smallholders but governments can also assist in this" confirms Luuk Boon, Taste.



(From left to right): Bruno SCHIFFERS (PIP Training Cell), Isolina BOTO (CTA) and Babacar SAMB (Bioscope)

LEAF – Linking Environment and Farming



[From left to right]: Jeremy BOXALL (LEAF) and Apollo OWUOR (KHE)

Our mission is simple but compelling, explains Jeremy Boxall, LEAF Marque Director: *"Inspiring and enabling prosperous farming that enriches the environment and engages local communities."*

The Food Retail Industry Challenge Fund (FRICH) is a competitive Challenge Fund which makes grants (up to a maximum of £250,000) in support of innovative projects that test new business models to increase trade in food products from Africa to the UK. The main objective of FRICH is to improve UK market access for African food businesses by discovering new approaches that can be scaled up. This increased trade should deliver pro-poor benefits through creating employment and incomes in Africa on farms and within supply chains, and supporting service industries.

FRICH encourages the corporate sector to find new ways of buying produce from developing countries through projects to help poor farmers and encourage

investment in this area. It pilots novel buying-schemes with poor producers, and communicates information to consumers, via partners, about how their purchases can help poor farmers.

Waitrose is fostering the growth of sustainable agricultural practices across Africa by helping growers to adapt their cultivation and production processes to meet the environmental requirements of the LEAF Marque standard. Waitrose, which has for the past three years used the LEAF Marque guarantee for UK fresh grown produce, has announced a commitment to help ALL its suppliers operate in a productive and environmentally responsible way. The project – a partnership between Waitrose and Green Shoots, LEAF, British & Brazilian, Blue Skies, Sunripe and Wealmoor – is well underway with a range of activities.



From food safety to food security

Horticultural exports from ACP countries have an important role to play. By entering high value supply chains, the modernisation of this sub-sector can benefit others at a local, national and regional level. In addition, inherent characteristics of the horticultural industry make it a huge development enabler. To maximize these opportunities, suppliers and buyers of fruit and vegetables must collaborate and work hand in hand. New legitimate market demands must not generate extra burdens on suppliers, but become catalysts for their development. Supply-chain operators must work together to ensure that the plethora

of standards covering food safety, the environment, social accountability, and developmental impacts provide tangible benefits, and decisions must take into account local appropriateness, cost allocation, and affordability.

To ensure that horticultural trade continues to be a driver for economic growth, producers and exporters from Africa, Caribbean and Pacific (ACP countries) must have the necessary information, skills and human resources to maintain market access and to capitalise on these new opportunities. There is potential to increase the contribution made by

this trade to poverty alleviation in ACP countries, especially among groups such as rural women who have few alternative income generating opportunities. There are also important opportunities to build on advances made in the ACP export sector by disseminating knowledge and skills on aspects such as Good Agricultural Practice and food safety, so that they also benefit production for local and regional markets.



PIP's work in the field of horticultural production and trade and its impact on the modernisation of local farming

Over the past ten years, the challenge of a European cooperation programme with the ACP States, such as PIP, has been to maintain the flow of fruit and vegetable exports between the ACP States and the EU, with a view to protecting hundreds of thousands of family farms and millions of jobs.



Since 2009, the second phase of the PIP focuses not only on food safety but also on the new requirements that aim to introduce environmentally-friendly and socially-responsible production and trade practices and to consolidate the position of small-scale growers in the ACP horticultural export chain.

Its impact on the modernisation of subsistence local farming has been both micro and macroeconomic.

PIP has helped modernise local farming systems. Furthermore, it has made it possible to improve growing techniques and to rationalise production. To do so, it has developed approximately thirty crop production protocols that it has distributed among small-scale growers to allow the implementation of good agricultural practices. Certain ethnic or market garden crops for export are also local subsistence crops (okra, cassava, yam, cherry tomato, lettuces, etc.).

In addition to good practices, PIP has introduced new production technologies (Integrated Crop Management, Integrated Pest Management, etc.), encouraged organic farming and, aware of the environmental and human health issues, has encouraged all the measures that are technically and economically accessible to producers in the countries of the South to supply fruits and vegetables without pesticide residues.

Moreover, the development of sustainable food safety management and control systems among exporters and their smallholder suppliers, as well as capacity-building of human resources at the various stages of the export chain, have encouraged the organisation and standardisation of production.

Consequently, yields are up, while the quality and consistency of agricultural production is improving, which should increase selling price and boost the income of producers.

The impact is also macroeconomic in that, by organising and training small-scale growers via the technical staff of exporter companies or local service providers (NGOs, professional associations, consultants), the programme helps to better structure relationships

between local value chain operators. This paves the way for the organisation and modernisation of an entire sector.

Another strong indication of the modernisation of African agriculture,

for example, the national plant protection services or of pesticide registration bodies.

The trainers themselves are consultants who have also been trained by

As a result of the close contact and exchanges that the programme develops with partners from other agricultural sectors (e.g. cocoa, coffee, etc.) as users of PIP's technical and teaching tools, the impact of PIP on the modernisation



The impact of PIP on the modernization of local agriculture can be felt beyond the horticultural sector as a result of the close contact and exchanges that the programme develops with partners from other agricultural sectors

resulting from support to the horticultural export sector, is the development of knowledge and skills at local level.

Within horticultural export companies the programme has trained technical staff and managers in production, traceability and food safety management.

Some public services have also benefited from technical training courses;

the programme in specific areas of expertise, such as food safety, traceability, HACCP, safe use of pesticides or crop protection. It should be emphasised that at the beginning of the programme, 80% of the consultants were Europeans. Today, 80% of the consultants working with PIP are coming from Africa, the Caribbean or Pacific countries and are working on local, regional and/or international levels.

of local agriculture can be felt beyond the horticultural sector. These partnerships take the form of user agreements that make it possible to guarantee the appropriate use of the tools, and protect the interests of the ACP producers and exporters. These agreements can be signed either with consultants, or with national or international organisations working in the field of agricultural development cooperation in the ACP countries (e.g.: FAO, World Bank, NGOs, etc.)

POST SCRIPTUM...

“Food Security in the New Millennium”



Who would have imagined 40 years ago that being able to provide (enough) food for everyone on this planet would be the wildest dream of the 21st Century? After travelling to the moon and back, after exploring Mars and the outer edges of our galaxy, after revolutionising life on earth, we now find ourselves asking how we can feed all human beings sustainably. All 7 billion of us, according to the latest statistics. How can we ensure that our children, grandchildren, and coming generations will have a future?

We're entering a completely new era. An era where, like climate change-related disasters, financial crises have swept away everything in their path; an era where the power relationships between Western countries and developing countries are changing dramatically. An era where we must 'fight' to feed everyone by producing more, but also producing better, and by consuming differently.

During the second half of the last century, the era of globalisation, food production and distribution became concentrated among a small number of operators. These primary and secondary sector companies further accelerated their consolidation at the start of the 21st Century, resulting in a dangerous concentration of bargaining power in the hands of a few large groups. With the frog wishing to grow as big as the ox, the

old adage of small farmers was forgotten: 'never put all your eggs in one basket!'

'More and more and better for less' has been the leitmotiv of large retailers who almost killed the golden goose. Most importers, squeezed between the needs of their customers and of their suppliers, in turn became suppliers to the main supermarket chains. Producers, under technical and economic pressure from all schemes and certifications, have been pushed to the limit. Only the strongest and those benefitting from external support survived the first years of the new Millennium.

Since 2005, the international community and cooperation agencies, followed by private operators, have rediscovered the contribution and central role played by small-scale

producers in food production and in combating poverty.

Laudable initiatives that would previously have been unimaginable have emerged in the retailing industry, such as educating buyers to become aware of the impact of their decisions on the most vulnerable populations, and prioritising small-scale producers when they purchase in developing countries. The principle of 'social responsibility' is now taken quite seriously. A bid to improve corporate image or the result of genuine new awareness, only time will tell whether the large chains will be able to overcome the challenges associated with their goals.

Having become the mouthpiece for consumer concerns, NGOs and other pressure groups that champion small or major causes now represent a considerable counterweight to volume retailers and food industry multinationals. Through their action, these organisations have generally had a positive influence on key sustainable production factors (ethics, environment, security).

The PIP particularly welcomes the WWF initiative to convince 100 major companies to go sustainable.



According to WWF, global markets have pledged changes to protect the planet, where consumption already exceeds capacity. We invite you to listen to Jason Clay (WWF), who explains how, through roundtables, the major brands can be led to agree on sustainable practices first, before their products compete on supermarket shelves: (http://www.ted.com/talks/jason_clay_how_big_brands_can_save_biodiversity.html).

While recognising these success stories, PIP continues to draw these key players' attention to the potential adverse effects of overly radical posi-

tions that may lead to the disappearance of small-scale producers.

The statement of intent you find at the end of this magazine states the seven guiding principles PIP is committed to together with the horticultural industry in ACP countries.

In 10 years, following these principles, our work has evolved from the 'Food Safety' of export foodstuffs to 'Food Security' for the populations of African, Caribbean and Pacific countries. By boosting and sharing the resources, tools and methods developed by the PIP since 2001, by

removing barriers between export and local activities, and by organising the exchange of 'know-how' between these 2 sectors, together we can maximise the comparative advantages of small-scale producers and give them the opportunity to feed the world of tomorrow.

Guy Stinglhamber

PIP 2009-2014 - MISSION STATEMENT

The following principles underlie the second phase of PIP:

1. Towards zero pesticide residues: Mindful of market demands concerning the environment and human health, PIP promotes measures that are both technically and economically viable and enable the supply of fruit and vegetables with minimal pesticide residues.

2. Meeting the demands of European consumers. Besides food safety, environmental protection as well as fair and ethical trade are becoming the most pressing consumer concerns. In the same way that it tackles food safety, PIP addresses these new issues to help ACP suppliers take the necessary action.

3. Raising awareness and influencing policy. PIP lobbies policy makers to ensure that the impact of their decisions on ACP players, and on achievement of the Millennium Development Goals, can be taken into account. This includes public sector (e.g. EC legislators) and private sector players (e.g. retailers), as well as NGOs.

4. Facilitating trade to support smallholder farmers. European supermarkets are increasingly aware of their roles and responsibilities in promoting sustainable trade and poverty alleviation. PIP strives to keep small-scale growers at the heart of ACP horticultural supply chains. This means reducing technical and economic barriers, as well as helping producers and exporters to overcome them.

5. Contributing to sustainable and safe food for local markets. The considerable progress made in improving production for export should also benefit and be a factor in the modernisation of local ACP horticulture. PIP adapts production guides for use by support programmes to improve production and distribution for the local market.

6. Developing fair trade: a means of saving socially important but threatened supply chains. Faced with increasing production costs due to the combined demands of supermarkets and new legislation, PIP develops Fair Trade supply chains in the fruit and vegetable sector in collaboration with key players in the industry.

7. Contributing to the Millennium Development Goals (MDGs). Through the activities of PIP, COLEACP encourages and supports its members and other private sector players (e.g. retailers), to ensure that the horticultural trade contributes to the achievement of the MDGs: poverty alleviation, food security, and environmental protection.



This publication is printed on 100% recycled paper, with environmentally friendly inks.

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PIP is funded by the European Union.

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